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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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April 7, 2006

REPORT ON Section Ins 6, 26 and 28, Wis. Adm.
Code, relating to agent licensing procedures and
requirements and affecting small business

Clearinghouse Rule No 05-111

Submitted Under s. 227.19 (3), Stats.

The proposed rule-making order is attached.

(a) A detailed statement of basis for the proposed rule and how the rule advances relevant statutory goals or purposes:

These rule changes attempt to bring the OCI procedures regarding licensing, prelicensing education and continuing education into better conformance with the National Association of Insurance Commissioners (NAIC) models and procedures used by other states. The relevant statutes are referenced in the Analysis of the rule and give the Commissioner authority to set these procedures. The existing rules have been in effect for about 30 years and have been modified from time to time. The purposes for OCI stated in s. 601.01 includes encouraging the full cooperation between regulators in the regulation of insurance and s. 601.48 requires OCI to participate in the activities and affairs of the NAIC.

(b) Summary of the public comments and the agency's responses to those comments:

Comment 1: Use the term "producer" rather than "agent"

Response: The term "producer" has been identified as the standard term nationally to describe individuals and firms authorized to perform insurance activities. Our statutes use the term "intermediary" & that's what the rule uses. A definition was amended to ensure that a "producer" is included in the term "intermediary" to conform to current national standards.

Comment 2: Delay implementation of when ethics credits should be required

Response: Agents will have sufficient time to complete the 3 ethics credits. There are many current courses that qualify for the credits and the agents will have until the end of their birth month in 2007 to complete the courses.

Comment 3: Expand continuing educational topics to include “technology”

Response: Expanding or changing the continuing educational topics should be the result of a review of all topics. OCI has done this previously and will do it again in the future. Courses dealing with this topic are not included in the current national standards.

Comment 4: Allow agents to register for the examination before the prelicensing credits are banked.

Response: Due to electronic processing of applications and electronic scheduling of testing, the data for prelicensing course completion must be loaded electronically before further processing can be completed. The data can be loaded over the internet. This requirement will allow us to implement a paperless resident licensing process, eliminating problems associated with the current paper process. The process will be transitioned to give time for providers to update their procedures.

Comment 5: Retain the Green Prelicensing certificate

Response: Proof of completion must be provided to the student in the event of discrepancies. The rule still requires the certificate to be given to students, but it does not have to be on green paper, as this document will not be required to be turned in at the test centers once the paperless process is implemented.

Comment 6: Do not implement anything until 2007.

Response: Most, if not all the changes, will not be implemented before 2007. Many of the new licensing procedures will be phased in over the course of the next several months.

Comment 7: Extend the period for providers to submit continuing education attendee information to the OCI administrator

Response: The period is extended from 7 to 10 days. The credit banking system is accessible 24-7, therefore, the 10 days is ample time to complete this requirement. It is anticipated that the majority of providers will bank credits immediately upon completion of their courses.

Comment 8: Change the criteria for excluding a Proctor who is “impartially disinterested” or has a “financial relationship”

Response: The criteria was changed to clarify that associations can use employees to proctor the tests.

(c) An explanation of any modifications made in proposed rule as a result of public comments or testimony received at a public hearing:

Most of the changes made were in relation to the OCI technical bill not becoming law. As indicated in the analysis of the rule that was noticed for hearing, a number of the changes were dependent on statutory changes.

The changes made to the proposed rule based on testimony and public comments are detailed in paragraph (b).

(d) Persons who appeared or registered regarding the proposed rule:

Appearances For: None

Appearances Against: None

Appearances For Information:

Ron VonHaden, Professional Insurance Agents of Wisconsin
Bob Lorbeck, Kaplan Financial (Dearborn)
Dan Schwartz, Wisconsin Association of Health Underwriters
Amy Holt/Ed Cantwell, Independent Insurance Agents of Wisconsin

Registrations For: None

Registrations Against: None

Registrations Neither for nor against: None

Letters received:

Kate Blavat, Northwestern Mutual
Ed Cantwell, Independent Insurance Agents of Wisconsin
Ron VonHaden, Professional Insurance Agents of Wisconsin
David Babler, MML Investors Services, Inc
Dan Schwartz, Wisconsin Association of Health Underwriters
Louis Schubert, American Family Insurance Group

(e) An explanation of any changes made to the plain language analysis of the rule under s. 227.14(2) or to any fiscal estimate prepared under s. 227.14(4).

Since the OCI Technical bill was not enacted, the rule was modified to remove items which were dependent on any statutory revisions in the Technical bill. These involved shortening the procedure to revoke licenses, the elimination of certain fees and allowing the collection of fingerprints for criminal background checks.

Each change described in paragraph (b) above required modification of that part of the analysis.

There was no change to the fiscal estimate

(f) The response to the Legislative Council staff recommendations indicating acceptance of the recommendations and a specific reason for rejecting any recommendation:

All comments were complied with.

(g) Final Regulatory Flexibility Analysis

A Final Regulatory Flexibility Analysis is Not Required because the rule will not have a significant economic impact on a substantial number of small businesses.

(h) Fiscal Effect

See fiscal estimate attached to proposed rule.

Attachment: Legislative Council Staff Recommendations
April 7, 2006

**PROPOSED ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE
REPEALING, AMENDING, REPEALING AND CREATING AND CREATING A RULE**

To repeal: Ins 26 Appendix 6; Ins 28.07(4); **To amend:** Ins 6.57(1), (2)(intro.), (3) and the Note; Ins 6.58(3)(b) and (5)(a); Ins 6.58 Note; Ins 6.59(3); Ins 6.59(4)(a), (4)(am), (4)(as), (4)(av) and the Note; Ins 6.61(3)(f); Ins 26.04(2)(f); Ins 26.04(3); Ins 26.05(5); Ins 26.07(1)(f) and (2); Ins 26.10 Note; Ins 26 Appendix 5; Ins 28.04(1)(a); Ins 28.04(1)(d), (f), (g) and (i); Ins 28.07(2); Ins 28.09; Ins 28.10 Note; **To repeal and recreate:** Ins 6.63; Ins 28.04(1)(b); Ins 28.08; **and to create:** Ins 6.59(4)(ax); Ins 26.03(3m); Ins 26.04(2)(g), (h) and (i); Ins 28.06(6)(a)16.; Wis. Adm. Code, relating to agent licensing procedure changes which will affect small business.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE (OCI)

1. Statutes interpreted:

ss. 600.01 and 628.04, Stats.

2. Statutory authority:

ss. 601.31(1)(m), 601.41(3), 601.42, 628.04, 628.10 and 628.11, Stats.

Note: OCI's Technical Bill did not get enacted. Therefore, the changes proposed in this order conform to existing law. As stated in the original analysis, the billing and CE due dates will change regardless of whether the Technical bill is enacted.

3. Explanation of the OCI's authority to promulgate the proposed rule under these statutes:

The statutes referenced in paragraphs 1 and 2 permit the commissioner of insurance to set standards for prelicensing education, continuing education, agent fees and other procedural elements of licensing. These revisions change the existing procedures which have been in effect for many years. They do not attempt to extend the commissioner's authority to areas not previously regulated by the existing rules.

4. Related Statutes or rules:

None.

5. The plain language analysis and summary of the proposed rule:

These changes attempt to move OCI closer to the National Association of Insurance Commissioners (NAIC) model standards for licensing producers. In May of 2006, OCI is also converting the licensing software used from "COSMOS" to "SIRCON" requiring certain changes.

Fee and CE Reporting Changes

The NAIC model has renewal billings and continuing education ("CE") compliance due based on the agents month and year of the current license issuance. In order to change from our current system of billing and requiring CE compliance once every two years, there needs to be a transition period. This proposed transition would ensure that all agents pay the same overall fees and require 12 CE credit hours per year. The following is a description of how the new billing/CE procedures would be transitioned:

<u>Year</u>	<u>Notice Type</u>	<u>Recipients of Notice</u>	<u>Notice Dates</u>
2005	CE-24 credits	All Residents	Current System: Notice sent 12/04, suspended 2/05 & revoked 4/05
2006	Old Fee (Res = \$25 NonRes = \$50)	All Agents	Current System: Notice sent 12/05, suspended 2/06 & revoked 4/06
2007	50% New Fee (Res = \$15 & NonRes = \$30) CE= 24 credits	Odd year in License Issue Date Residents - Odd year in License Issue Date	<u>Dates of Future Fee & CE Notices:</u> Send notice at least 60 days prior to the agent's birth month last day Suspend for 60 days starting on the last day of the agent's birth month Revoke 60 days after suspended
2008	New Fee (Res = \$30 & NonRes = \$60) CE= 36 credits (for the last 3 years)	Even year in License Issue Date Residents - Even year in License Issue Date	
2009	New Fee (Res = \$30 & NonRes = \$60) CE= 24 credits	Odd year in License Issue Date Residents - Odd year in License Issue Date	
2010	New Fee (Res = \$30 & NonRes = \$60) CE=24 credits	Even year in License Issue Date Residents - Even year in License Issue Date	

(Repeat 2009 and 2010 for odd and even years in the future)

The fees are being raised slightly, but still far below what most states require. These increases will partially cover some additional costs of the new system, the costs of electronic processing of the renewals and the cost of paying renewal fees with a credit card.

The changes would require all insurers to do appointments and terminations of agents on line. Currently, most insurers utilize this method.

The SIRCON system will automatically check the current status of nonresident agents licensing in their home state, alleviating the need for agents to provide a paper Certificate of Licensing. In addition, the Department of Justice crime checks will be done electronically. This will eliminate another paper item that applicants currently have to obtain and bring to the testing site.

Surplus Lines Changes

These changes do not change the current procedures but incorporate them into the rules.

Prelicensing Education Changes

Other changes clarify how the hours for prelicensing education are calculated and expand the exemptions for prelicensing education for agents who hold certain professional designations.

Programs that offer courses will be required to notify OCI electronically of all agents who have taken any course, eliminating the paper certification now required with the agent's application. Most providers that offer prelicensing education also offer continuing education and currently provide the continuing education information electronically. The requirement to also provide the prelicensing education information electronically should not be a burden for the providers.

Continuing Education ("CE") Changes

OCI would require that 3 hours of the 24 CE hours needed every two years be devoted to the ethics of insurance. This exposure to discussions of ethics would hopefully inform or expand agent's views of how insurance should be marketed and is part of the national standard. Programs that offer courses will be required to notify OCI electronically of all agents who have taken any course, eliminating the paper notifications. Most providers do this already.

In the past, there have been relatively few "correspondence courses" approved for CE. These changes would specifically allow correspondence courses and set some criteria for approval.

6. Summary of and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule:

There is no similar federal regulation covering these activities. Insurance is generally regulated on the state level with the National Association of Insurance Commissioners enacting model rules and procedures for states.

7. Comparison of similar rules in adjacent states as found by OCI:

Iowa:

Application fees: \$50 per line

Renewal fees: \$100, triennially on April 1

CE: 36 hours triennially due December 31 prior to license renewal

Illinois: 215 ILCS 5, Illinois Insurance Code

Application fees: \$180 for residents & \$250 for nonresidents

Renewal fees: \$180 for residents & \$250 for nonresidents
biennially on registration issuance date

CE: 30 hours biennially due on registration issuance date

Minnesota: Statutes chapter 60K and Rules chapter 2795

Application fees: \$50 per line

Renewal fees: \$50 per line, biennially on October 31

CE: 30 hours biennially due on October 31

Michigan:

Application fees: \$10 application fee per line plus \$60 testing fee per line

Renewal fees: Perpetual license

CE: 30 hours biennially due on individual compliance date based on last digit of the social security number and the first letters of producer's last name

8. A summary of the factual data and analytical methodologies that OCI used in support of the proposed rule and how any related findings support the regulatory approach chosen for the proposed rule:

These changes bring Wisconsin into substantial conformance with the system used by many other states and preferred by the NAIC for uniformity. Additional statutory changes, such as those in the OCI technical bill, will be needed to be more uniform. Once all states start billing in the agent's birth month, agents who are licensed in more than one state will have a better idea of when fees and continuing education are due in the various states.

9. Any analysis and supporting documentation that OCI used in support of OCI's determination of the rule's effect on small businesses under s. 227.114:

The small increase in fees will offset increased costs by OCI incurred for using on-line renewal and allowing credit card payment of fees. Agents using these services will not pay additional fees to use them with the costs being included in the renewal fee.

The net effect of all changes, will end up with no or a very small increase in revenue to OCI.

It is difficult to determine agent and insurer savings from reduced paperwork in the licensing process but there clearly is a reduction in cost. Similarly, agents licensed in more than one state will benefit from more uniform billing and renewal procedures but it is difficult to place a single dollar amount on this type of benefit.

10. If these changes may have a significant fiscal effect on the private sector, the anticipated costs that will be incurred by private sector in complying with the rule:

These changes will not have a significant fiscal effect on the private sector.

11. A description of the Effect on Small Business:

This rule will have an effect on small businesses but will not be a significant impact on small businesses. Many insurance agents are small businesses. This rule would minimally raise a biennial fee by \$5 for resident agents and \$10 for nonresident agents. These increases are very small. In addition, the increased fees will cover the additional cost of agents being able to renew on-line and pay with a credit card.

The changes promote efficiency by eliminating paperwork that agents currently are required to complete, mainly in the licensing process.

For agents that are licensed in other states, the new billing procedures are uniform with the direction others states are going. After all states adopt the new procedures, Wisconsin agents will be able to deal with licensing issues in all states on a more uniform basis.

In addition, Continuing Education and Prelicensing education providers may incur some costs because the reporting period for attendees is being shortened. Providers currently have to use a shortened reporting period for the 60 days prior to February 15 of odd numbered years so the mechanisms to do this should already be set up for that period. These changes would require that these mechanisms be used all the time and the cost should not be very great.

12. Agency contact person:

A copy of the full text of the proposed rule changes, analysis and fiscal estimate may be obtained from the WEB sites at: <http://oci.wi.gov/ocirules.htm> or by contacting Inger Williams, OCI Services Section, at:

Phone: (608) 264-8110
Email: Inger.Williams@OCI.State.WI.US
Address: 125 South Webster St – 2nd Floor Madison WI 53702
Mail: PO Box 7873, Madison WI 53707-7873

13. Place where comments are to be submitted and deadline for submission:

The deadline for submitting comments is 4:00 p.m. on the 14th day after the date for the hearing stated in the Notice of Hearing.

Mailing address:

Robert Luck
Legal Unit - OCI Rule Comment for Rule Ins 6
Office of the Commissioner of Insurance
PO Box 7873
Madison WI 53707-7873

Street address:

Robert Luck
Legal Unit - OCI Rule Comment for Rule Ins 6
Office of the Commissioner of Insurance
125 South Webster St – 2nd Floor
Madison WI 53702

WEB Site: <http://oci.wi.gov/ocirules.htm>

The proposed rule changes are:

SECTION 1. Section Ins 6.57(1), (2)(intro.), (3) and the Note are amended to read:

Ins 6.57 (1) Submission of an application for an intermediary-agent appointment shall initiate the appointment of an agent in accordance with s. 628.11, Stats. The application shall be submitted to the office of the commissioner of insurance ~~on or before the date of appointment and entered in the OCI licensing system in a format approved by the commissioner within 15 days after the earlier of the date the agent contract is executed or the first insurance application is submitted~~ and shall show the lines of authority being requested for that agent. An appointment shall become valid upon receipt of the agent appointment validation report by the person submitting the appointment and is valid only for the lines of insurance requested. ~~The effective date of a valid appointment is 15 days prior to the date on which the appointment is entered on the OCI licensing system.~~ The agent validation

report is a computer-generated report prepared by the office of the commissioner of insurance. Billing for initial appointment shall be done annually at the same time and at the same rate as renewal appointments.

(2)(intro.) Notice of termination of appointment of individual intermediary in accordance with s. 628.11, Stats., shall be filed prior to or within 30 calendar days of the termination date with the office of the commissioner of insurance. Prior to or within 15 days of filing this termination notice, the insurer shall provide the agent written notice that the agent is no longer to be ~~listed~~ appointed as a representative of the company and that he or she may not act as its representative. This notice shall also include a formal demand for the return of all indicia of agency. "Termination date" means the date on which the insurer effectively severs the agency relationship with its intermediary-agent and withdraws the agent's authority to represent the company in any capacity.

(3) In addition each insurer shall pay once each year, in accordance with an assigned billing schedule, the annual ~~listing~~ appointment fee defined in s. Ins 6.57 (4), within 30 days after the mailing of a payment notice to such insurer showing the amount due for all individuals serving as agents for such insurer, according to the commissioner's records as of the notice date. A billing schedule shall be adopted by the commissioner under which listing notices shall be sent to insurers. This schedule shall also designate the calendar month of billing for the various insurers and/or insurer groups.

Ins 6.57 **Note:** ~~Copies of forms OCI 11-001, for use under sub. (1), and OCI 11-011, for use under sub. (2),~~ A free copy of each form referenced in this section may be obtained from the Office of the Commissioner of Insurance, P.O. Box 7872, Madison, WI 53707-7872 or on the office of the commissioner of insurance website at <http://oci.wi.gov/>.

SECTION 2. Section Ins 6.58(3)(b) and (5)(a) are amended to read:

Ins 6.58 (3)(b) Determination of the acceptance or rejection of a completed application shall be made within ~~60 business~~ 84 days. A completed application consists of form OCI 11-50 or, ~~for residents of states who have signed a declaration of uniform treatment with Wisconsin,~~ the NAIC Uniform Application for Business Entity Nonresident License/Registration form and other required material described in par. (a).

Ins 6.58 (5)(a) Biennially, at least ~~30~~ 60 days prior to February 15 of even numbered years, a regulation fee notice of ~~\$25.00~~ \$30.00 for resident and ~~\$50.00~~ \$60.00 for nonresident insurance intermediary ~~firm~~ firms, reinsurance intermediaries and managing general agents will be sent to each ~~person~~ entity by first class mail at the address on file with the office of the commissioner of insurance.

SECTION 3. Section Ins 6.58 Note is amended to read:

Ins 6.58 **Note:** Intermediary corporations and partnerships are subject to the recordkeeping requirements as set forth in s. Ins 6.61 (1).

~~Application for the licensing of corporations and partnerships is made on form 11-50. Copies can be obtained at the office of the commissioner of insurance.~~

A free copy of each form referenced in this section may be obtained from the office of the commissioner of insurance, P.O. Box 7872, Madison, WI 53707-7872 or on the office of the commissioner of insurance website at <http://oci.wi.gov/>.

SECTION 4. Section Ins 6.59(3) is amended to read:

Ins (3) FEES. The following fee schedule is established for residents and non-residents:

Application for one line of authority \$50.00
Application for 2 lines of authority \$85.00
Application for 3 lines of authority \$135.00
Application for 4 lines of authority \$170.00
Application for a Surplus Lines license \$100.00

SECTION 5. Section Ins 6.59(4)(a), (4)(am), (4)(as), (4)(av) and the Note are amended to read:

Ins 6.59 (4)(a) *Application for resident intermediary agents.* Application for a permanent resident agent license, or an enlargement of authority or managing general agent authority requiring an examination shall be made ~~on form OCI 11-041 (rev) on-line~~ at the time of examination. A completed application consists of ~~a completed OCI 11-041 (rev.) giving the current address for the residence of the applicant; an original exemption form as required under ch. Ins 26, if required by s. Ins 26.04 (3); an original Form DJ-LE-250~~ electronic confirmation of prelicensing education completion for the specific lines of authority; electronic confirmation of criminal history provided from the Wisconsin department of justice, crime information bureau, dated completed not more than 180 days prior to the test date; payment of the fees to the testing vendor, a an electronic photograph of the applicant taken by the test service at the time of testing; an original letter of clearance, if previously licensed confirmation of previous license in another state, if applicable; and any documentation required in answer to questions on the application.

Ins 6.59 (4)(am) *Application for nonresident intermediary agents.* Application for a permanent nonresident agent license or an enlargement of authority shall be made on-line or on form OCI 11-041N(rev.) or, for residents of states that have signed a declaration of uniform treatment with Wisconsin, on the NAIC Uniform Application for Individual Nonresident License form and filed with the office of the commissioner of insurance; or a copy of the application submitted to their current state of residence. A completed application consists of ~~a completed OCI 11-041N(rev.) or, for residents of states that have signed a declaration of uniform treatment with Wisconsin, the NAIC Uniform Application for Individual Nonresident License form or a copy of the application submitted to their current state of residence~~ giving the current address for the residence of the applicant; an original certificate of licensing from the state of residence dated not more than 90 days prior to the application date; payment of the fees; and any documentation required in answer to questions on the application. If confirmation of license status is not attainable from the National Insurance Producer Registry, an original certificate of licensing from the state of residence is required.

Ins 6.59 (4)(as) *Application for reinsurance intermediary-broker, or reinsurance intermediary-manager or managing general agent.* Application for a reinsurance intermediary broker or reinsurance intermediary manager or managing general agent license shall be made on form OCI 11-040 and filed with the office of the commissioner of insurance. A completed application consists of a completed application form; ~~an original certificate of licensing from the state of residence, if other than Wisconsin, dated not more than 60 days prior to the application date; an original form DJ-LE-250, if a Wisconsin resident, provided from the Wisconsin department of justice, crime~~

~~information bureau, dated not more than 180 days prior to submission of the application; payment of the fees; and any documentation required in answer to questions on the application.~~

Ins 6.59 (4)(av) *Application for a title insurance limited license by Wisconsin licensed attorneys.* Application for a permanent resident agent title insurance limited license or an enlargement of authority to include title insurance limited license shall be made on form OCI 11-41Atty(rev.) and filed with the office of the commissioner of insurance. A completed application consists of a completed form OCI 11-041Atty(rev.) giving the current address for the residence of the applicant; an original certificate signed by the provider showing completion of at least 6 hours of continuing legal education approved by the Wisconsin Board of Bar Examiners dealing solely with title insurance and completed within 1 year of the application date; a copy of the applicant's current State Bar of Wisconsin membership card; ~~an original Form DJ-LE-250 provided from the Wisconsin department of justice crime information bureau dated not more than 180 days prior to the application date;~~ payment of the fees; and any documentation required in answer to questions on the application.

Ins 6.59 **Note:** A free copy of the forms each form referenced in subs. (4) (a), (am), (as), (av) and (5) (b), this section may be obtained from the office of the commissioner of insurance, P.O. Box 7872, Madison, WI 53707-7872 or on the office of the commissioner of insurance website at <http://oci.wi.gov/>.

SECTION 6. Section Ins 6.59(4)(ax) is created to read:

Ins 6.59(ax) *Application for surplus lines agent license.* Application for a surplus lines insurance license shall be made on form OCI 11-070 (rev.) and filed with the office of the commissioner of insurance. A completed application consists of a completed form OCI 11-070 (rev.) giving the current address for the residence of the applicant; and any documentation required in answer to questions on the application.

SECTION 7. Section Ins 6.61(3)(f) is amended to read:

Ins 6.61(3)(f) "Intermediary" means an agent, broker or producer and any person, partnership or corporation requiring a license under the provisions of ch. 628, Stats.

SECTION 8. Section Ins 6.63 is repealed and recreated to read:

Ins 6.63 **Regulation Charge.** (1)(a) For renewal fees due on or prior to December 31, 2006, the regulation amount to be paid biennially, by each licensed individual intermediary-agent is established to be:

Resident agent	\$ 25.00
Nonresident agent	\$ 50.00

(b) For renewal fees due in 2007, the regulation amount to be paid by each licensed individual intermediary-agent with a current license issued in an odd numbered year is established to be:

Resident agent	\$15.00
Nonresident agent	\$30.00

(c) For renewal fees due in 2008, the regulation amount to be paid by each licensed individual intermediary-agent with a current license issued in an even numbered year is established to be:

Resident agent	\$30.00
Nonresident agent	\$60.00

(d) For renewal fees due after December 31, 2008, the regulation amount to be biennially paid by each licensed individual intermediary-agent is established to be:

Resident agent	\$30.00
Nonresident agent	\$60.00

Ins 6.63 (2) After December 31, 2006, renewal fees are due on the last day of the intermediary's birth month every other year. Fees for intermediaries with a current license issued in an odd numbered year are due in each odd numbered year. Fees for intermediaries with a current license issued in an even numbered year are due in each even numbered year. OCI will send a form OCI 11-51 renewal fee notice by first-class mail at least 60 days prior to the fee due date to each intermediary at the home address on file with the office of the commissioner of insurance.

Ins 6.63 (3) Any resident individual intermediary whose license is revoked for failing to pay renewal fees, failing to complete required continuing education or failing to pay delinquent taxes may, within 12 months from the due date of the renewal fee or continuing education, reinstate the same license without the necessity of completing prelicensing education or passing a written examination. Resident licensees who are required to complete continuing education must have all previous requirements met. However, a penalty in the amount of double the unpaid renewal fee shall be required for any renewal fee received after the due date. If a license has been revoked for more than 12 months, the intermediary shall, in order to be relicensed, satisfy the examination and licensing requirements established by s. Ins 6.59.

Ins 6.63 (4) Intermediaries with a Surplus Lines license shall pay an annual renewal fee of \$100.00 on or before the assigned expiration date each year. OCI will send an OCI renewal fee notice by first-class mail at least 60 days prior to the fee due date to each intermediary surplus lines agent at the home address on file with the office of the commissioner of insurance. Any resident individual intermediary whose surplus lines license is revoked for failing to pay renewal fees or failing to pay delinquent taxes may, within 12 months from the due date of the renewal fee or revocation date if revoked for failing to pay taxes, reinstate the same license. However, a penalty in the amount of double the unpaid renewal fee shall be required for any renewal fee received after the due date. If a license has been revoked for more than 12 months, the intermediary shall, in order to be relicensed, satisfy the licensing requirements established by s. Ins 6.59.

Ins 6.63 **Note:** A free copy of each form referenced in this section may be obtained from the office of the commissioner of insurance, P.O. Box 7872, Madison, WI 53707-7872 or on the office of the commissioner of insurance website at <http://oci.wi.gov/>.

SECTION 9. Section Ins 26.03(3m) is created to read:

Ins 26.03 (3m) "Credit hour" means a period of study, included as a part of a course, consisting of no less than 50 minutes.

SECTION 10. Section Ins 26.04(2)(f) is amended to read:

Ins 26.04 (2)(f) An applicant applying for an original resident license who held a license within the previous ~~6~~ 12 months as a resident insurance agent in another state for each of the lines applied for in Wisconsin. The applicant must submit an original resident ~~state letter of clearance dated not more than 90 days prior to the date of application as evidence of previous licensure~~ license application on form OCI 11-041(rev), the appropriate fee and any documentation required in answer to the questions on the application.

SECTION 11. Section Ins 26.04(2)(g), (h) and (i) are created to read:

Ins 26.04 (2)(g) An applicant applying for an original resident license for the Life line of authority who provides satisfactory evidence of currently holding any of the following professional designations or successor designations: Certified Employee Benefit Specialist (CEBS), Chartered Financial Consultant (ChFC), Certified Insurance Counselor (CIC), Certified Financial Planner (CFP), Chartered Life Underwriter (CLU), Fellow of the Life Management Institute (FLMI), or Life Underwriter Training Council Fellow (LUTCF).

Ins 26.04 (2)(h) An applicant applying for an original resident license for the Accident & Health line of authority who provides satisfactory evidence of currently holding any of the following professional designations or successor designations: Registered Health Underwriter (RHU), Certified Employee Benefit Specialist (CEBS), Registered Employee Benefits Counselor (REBC), or Health Insurance Associate (HIA).

Ins 26.04 (2)(i) An applicant applying for an original resident license for the Property, Casualty, or Personal Lines P&C lines of authority who provides satisfactory evidence of currently holding any of the following professional designations or successor designations: Accredited Advisor in Insurance (AAI), Associate in Risk Management (ARM), Certified Insurance Counselor (CIC), or Chartered Property and Casualty Underwriter (CPCU).

SECTION 12. Section Ins 26.04(3) is amended to read:

Ins 26.04 (3) If an applicant is exempt under sub. (2), the applicant shall ~~have an original exemption form attached~~ submit an exemption form with all supporting documentation on form OCI 11-026 (rev).

SECTION 13. Section Ins 26.05(5) is amended to read:

Ins 26.05 (5) INFORMATION REQUIRED. A credit program shall submit to the commissioner a computerized list giving the name, social security number, home address, date of completion, and type of class ~~and date of birth~~ in an electronic format specified by the commissioner of all persons satisfactorily completing credit prelicensing education programs. ~~Accompanying the submission shall be a letter signed by a person authorized to sign certificates of prelicensing education certifying~~ Submission of the course completion information will certify that the students listed personally attended the minimum required statutory classroom instruction. The computerized list shall be furnished to the commissioner within 5 10 days following the date of completion of credit prelicensing education programs.

SECTION 14. Section Ins 26.07(1)(f) and (2) are amended to read:

Ins 26.07 (1)(f) The student needs to take section A of appendices 1 to 4 only once. If the student takes only section B of the requirements, the instructor shall verify that the student completed section A previously at any approved prelicensing school within one year before issuing a certificate.

Ins 26.07(2) A noncredit program shall submit to the commissioner a computerized list giving the name, social security number, home address, date of completion, and type of class ~~and date of birth~~ in an electronic format specified by the commissioner of all persons satisfactorily completing noncredit prelicensing education programs. ~~Accompanying the submission shall be a letter signed by a person authorized to sign certificates of prelicensing education certifying~~ Submission of the course completion information will certify that the students listed personally attended the minimum required statutory class room instruction. The computerized list shall be furnished to the commissioner within ~~5~~ 10 days following the date of completion of noncredit prelicensing education programs.

SECTION 15. Chapter Ins 26.10 Note is amended to read:

Ins 26.10 **Note:** ~~This chapter requires use of forms which~~ A free copy of each form referenced in this chapter may be obtained from the Office of the Commissioner of Insurance, ~~121 East Wilson Street~~ P. O. Box 7872, Madison, Wisconsin 53707-7872 or on the office of the commissioner of insurance website at <http://oci.wi.gov/>.

SECTION 16. Chapter Ins 26 Appendix 5 is amended to read:

Chapter Ins 26 **APPENDIX 5—CERTIFICATE OF PRELICENSING EDUCATION**
(Note: Must be on green paper)

I hereby certify that (name) has completed a prelicensing educational course which complies with the requirements in ch. Ins 26, Wis. Adm. Code, for the insurance line of (life) (accident & health) (property) (casualty) (Personal Lines P&C). The last day of class for section B of this particular course was (date). I have verified the identification of this applicant by using:

A Wisconsin driver's license
A Wisconsin identification card
Other (please describe)

Date

Authorized Representative

Name of Program

SECTION 17. Section Ins 26 Appendix 6 is repealed.

SECTION 18. Section Ins 28.04(1)(a) is amended to read:

Ins 28.04 (1)(a) Each intermediary licensed in any of the major lines listed in Ins s. 6.50 (2) (a) and the grandfathered limited line of automobile shall biennially

complete 24 credit hours of continuing education approved by the commissioner in accordance with this chapter and with at least 3 of the 24 credit hours covering ethics in insurance.

SECTION 19. Section Ins 28.04(1)(b) is repealed and recreated to read:

Ins 28.04 (1)(b)1. On or before the last day of the agent's birth month in 2007, every resident-intermediary agent whose current license was issued in an odd numbered year shall furnish evidence to the commissioner in a manner prescribed by the commissioner that 24 credit hours of continuing education have been completed of which at least 3 credit hours shall cover ethics in insurance, approved by the commissioner in accordance with this chapter.

Ins 28.04 (1)(b)2. By the last day of the agent's birth month in 2008, every resident-intermediary agent whose current license was issued in an even numbered year shall furnish evidence to the commissioner in a manner prescribed by the commissioner that 36 credit hours of continuing education approved by the commissioner in accordance with this chapter (for the last 3 year period) have been completed of which at least 3 credit hours shall cover ethics in insurance.

Ins 28.04 (1)(b)3. Biennially after December 31, 2008, every resident intermediary-agent shall on or before the last day of the agent's birth month furnish evidence to the commissioner in a manner prescribed by the commissioner that the continuing education requirements of this section have been satisfied. Resident agents with a current license issued in an odd numbered year shall furnish evidence in each odd numbered year. Resident agents with a current license issued in an even numbered year shall furnish evidence in each even numbered year.

SECTION 20. Section Ins 28.04(1)(d), (f), (g) and (i) are amended to read:

Ins 28.04 (1)(d) Excess credit hours accumulated during any ~~biennium reporting period~~ may not be carried forward to the next ~~biennium~~. ~~Courses completed from January 1 through April 16 of each odd numbered year may only be counted to either the current or following reporting period, but not both reporting period.~~ Courses are counted and banked in the order they are completed.

Ins 28.04 (1)(f) Not less than 60 days prior to the reporting date set forth in par. (b) of each ~~odd numbered year~~ reporting period, the commissioner shall notify each intermediary, who the commissioner's records indicates is lacking the necessary continuing education credit hours, of the number of continuing education credit hours needed to comply with this section. Notice shall be mailed to the intermediary's residence address on file with the commissioner by first class mail.

Ins 28.04 (1)(g) If the credit hours deficiency is not remedied by the reporting date set forth in par. (b), the license of the intermediary shall be suspended_ with a notice to the agent by first class mail. If the required hours are completed and reported during the suspension period, the license shall be reinstated.

Ins 28.04 (1)(i) Any individual intermediary whose license has been revoked for failure to fulfill the continuing education requirement, shall, in order to be relicensed, satisfy the ~~prelicensing education, examination and~~ licensing requirements established by s. Ins 6.59 and 6.63.

SECTION 21. Section Ins 28.06(6)(a)16. is created to read:

Ins 28.06 (6)(a)16. Multiple Employer Welfare Arrangements/Unauthorized Insurers

SECTION 22. Section Ins 28.07(2) is amended to read:

Ins 28.07 (2) Providers shall submit to the commissioner a computerized list of course attendees, which includes the intermediary's name, Wisconsin license number, ~~date of birth~~, course number, course title, date and location of the course, and number of credit hours for which the course has been approved in a format specified by the commissioner, of all persons satisfactorily completing continuing education programs. ~~Accompanying the computerized list shall be a letter signed by a person authorized to sign certificates of continuing education certifying~~ Submission of the course completion information will certify that the students listed personally ~~attended~~ completed the reported ~~classroom~~ instruction. The computerized list shall be furnished to the commissioner within ~~30~~ 10 days following the date of completion of continuing education programs, ~~except during the period January 1 through May 1 of each odd numbered year, at which time computerized lists shall be furnished to the commissioner within 10 days following the date of completion of the programs.~~

SECTION 23. Section Ins 28.07(4) is repealed.

SECTION 24. Section Ins 28.08 is repealed and recreated to read:

Ins 28.08 **Correspondence courses.** (1) Correspondence, self-study, and on-line courses may be approved if they meet the criteria under s. Ins. 28.06(6) and include successful completion of a certified proctored examination.

(2) The examination shall consist of a minimum of 25 questions for courses approved for 3 or less credit hours, and a minimum of 50 questions for courses approved for more than 3 credit hours. A passing score of 70% or greater is required.

(3) An approved proctor is an impartial, disinterested third party or currently licensed agent with no family or financial relationship to the student. The proctor shall verify the agent's identity and complete an affidavit supplied by the approved provider testifying that the agent received no outside assistance. Membership in a professional association/organization does not constitute a financial relationship.

SECTION 25. Section Ins 28.09 is amended to read:

Ins 28.09 **~~Recognized Programs of Study~~ programs of study.** Programs of study leading to and maintaining any of the following designations may be approved by the commissioner under s. Ins 28.06 (5) as a course: Chartered Financial Consultant (ChFC); Certified Insurance Counselor (CIC); Chartered Property and Casualty Underwriter (CPCU); Registered Health Underwriter (RHU); Chartered Life Underwriter (CLU); Life Underwriter Training Council Fellow (LUTCF); Certified Employee Benefit Specialist (CEBS); Certified Financial Planner (CFP); Fellow of the Life Management Institute (FLMI); Registered Employee Benefits Counselor (REBC); Health Insurance Associate (HIA); Associate in Claims (AIC); Associate in Risk Management (ARM); Associate in Underwriting (AU); Certification in Long Term Care (CLTC); Registered Professional Liability Underwriting (RPLU); Certified Insurance

Service Representative (CISR), Associate in Loss Control Management (ALCM),
Accredited Advisor in Insurance (AAI), and Fraternal Insurance Counselor (FIC).

SECTION 26. Chapter Ins 28.10 Note is amended to read:

Ins 28.10 **Note:** ~~This chapter requires use of forms which~~ A free copy of each form referenced in this chapter may be obtained from the Office of the Commissioner of Insurance, 121 East Wilson Street, P. O. Box 7872, Madison, Wisconsin 53707-7872 or on the office of the commissioner of insurance website at <http://oci.wi.gov/>.

SECTION 27. These changes will be enforced under ss. 601.41, 601.64, 601.65, Stats., or any other enforcement provision of chs. 600 to 646, Stats.

SECTION 28. Except as provided in SECTION 29, these changes will take effect on the first day of the month after publication, as provided in s. 227.22(2)(intro.), Stats.

SECTION 29. These changes will take effect for small businesses on the first day of the third month after publication, as provided in s. 227.22(1)(e), Stats.

Dated at Madison, Wisconsin, this 7th day of April , 2006.

Jorge Gomez
Commissioner of Insurance

Office of the Commissioner of Insurance
Private Sector Fiscal Analysis

for Rule Ins 6 relating to agent's licensing procedure changes

This rule change will have no significant effect on the private sector regulated by OCI.

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

☒ ORIGINAL

☐ UPDATED

☐ CORRECTED

☐ SUPPLEMENTAL

LRB Number

Amendment No. if Applicable

Bill Number

Administrative Rule Number
INS 6, 26 & 28

Subject

Agent's licensing procedure changes

One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

Annualized Costs:		Annualized Fiscal impact on State funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$ 0	\$ -0
(FTE Position Changes)		(0 FTE)	(-0 FTE)
State Operations - Other Costs		222,170	-0
Local Assistance		0	-0
Aids to Individuals or Organizations		0	-0
TOTAL State Costs by Category		\$ 222,170	\$ -0
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$ 0	\$ -0
FED		0	-0
PRO/PRS		222,170	-0
SEG/SEG-S		0	-0
C. State Revenues		Increased Rev.	Decreased Rev.
GPR Taxes		\$ 0	\$ -0
GPR Earned		35,098	-0
FED		0	-0
PRO/PRS		315,882	-0
SEG/SEG-S		0	-0
TOTAL State Revenues		\$ 350,980	\$ -0

NET ANNUALIZED FISCAL IMPACT

NET CHANGE IN COSTS	\$ <u>STATE</u> 222,170	\$ <u>LOCAL</u> None
NET CHANGE IN REVENUES	\$ <u>350,980</u>	\$ <u>None</u>

Prepared by: Tim Mero	Telephone No. (608) 264-8114	Agency Insurance
Authorized Signature:	Telephone No. (608) 267-3782	Date (mm/dd/ccyy) 4/7/06

SECTION 30.

FISCAL ESTIMATE

☒ ORIGINAL

☐ UPDATED

☐ CORRECTED

☐ SUPPLEMENTAL

LRB Number

Amendment No. if Applicable

Bill Number

Administrative Rule Number

INS 6, 26 & 28

Subject

Agent's licensing procedure changes.

Fiscal Effect

State: ☐ No State Fiscal Effect

Check columns below only if bill makes a direct appropriation
or affects a sum sufficient appropriation.

☐ Increase Existing Appropriation

☒ Increase Existing Revenues

☐ Decrease Existing Appropriation

☐ Decrease Existing Revenues

☐ Create New Appropriation

☒ Increase Costs - May be possible to Absorb
Within Agency's Budget ☐ Yes ☒ No

**(Will require increased expenditure
authority)**

☐ Decrease Costs

Local: ☒ No local government costs

1. ☐ Increase Costs

☐ Permissive ☐ Mandatory

2. ☐ Decrease Costs

☐ Permissive ☐ Mandatory

3. ☐ Increase Revenues

☐ Permissive ☐ Mandatory

4. ☐ Decrease Revenues

☐ Permissive ☐ Mandatory

5. Types of Local Governmental Units Affected:

☐ Towns ☐ Villages ☐ Cities

☐ Counties ☐ Others _____

☐ School Districts ☐ WTCS Districts

Fund Sources Affected

☐ GPR ☐ FED ☒ PRO ☐ PRS ☐ SEG ☐ SEG-S

Affected Chapter 20 Appropriations

20.145 (1) (g)

Assumptions Used in Arriving at Fiscal Estimate

Resident agent biennial renewals

- 41,144 resident agents
- 500 resident corporations
- 4,300 renewals will be cancelled for failure to pay fees
- OCI will need to pay a \$5 service fee per each renewal that is processed by the vendor

Nonresident agent biennial renewals

- 55,224 nonresident agents
- 2,000 nonresident corporations
- 5,700 renewals will be cancelled for failure to pay fees
- OCI will need to pay a \$5 service fee per each renewal that is processed by the vendor

The revenues from biennial fees have been divided in half to come up with the annualized amount.

OCI will be changing the billing periods to conform with interstate uniformity.

Additional Revenues from:

Resident agent biennial renewals (annualized) \$ 93,360

Nonresident agent biennial renewals (annualized) \$ 257,620

Total \$ 350,980

Additional Expenses (will require expenditure authority):

Processing fee paid to vendor \$ 222,170

Long-Range Fiscal Implications

Increased revenues which are partially offset by increased costs.

Prepared by:

Tim Mero

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(608) 264-8114

Agency

Insurance

Authorized Signature:

Telephone No.

(608) 267-3782

Date (mm/dd/ccyy)

4/7/06